

contention. Now the matter stands with this petition asking the privy council to reopen and hear again the whole matter.

I do not suppose many hon. members have really followed the point at issue. It will be remembered that this country offered to settle with the Grand Trunk for a certain figure. That offer was declined.

Mr. HANBURY: With the shareholders.

Mr. BENNETT: Well, it was a representative of the company. There are so many classes of shareholders. Certain difficulties arose to which I shall presently refer. Then the matter was arbitrated, and it will be recalled that the case went ultimately to the privy council, and the privy council sustained the arbitration award. But that has not stopped the agitation on the part of certain classes of shareholders, who contend that their position was not properly represented, either at the arbitration, in which Chief Justice Taft of the United States represented the shareholders of the Grand Trunk, or to the Canadian government. They have proceeded with litigation. I do not know whether or not the house recalls the fact that the legislation which enabled action to be taken was placed upon the statute books by the government of which Mr. Meighen was the head, but the arbitration was not disposed of in the privy council until after he had been succeeded by the present leader of the opposition (Mr. Mackenzie King). When the Grand Trunk arbitration decision was given by the privy council, in virtue of legislation which had been passed an order in council was put through here that wiped out the Dashwood house register of shareholders of the Grand Trunk, and substituted the name of the Minister of Finance as the shareholder of the road. You can readily see what opportunities for differences of opinion might arise from the enactment of that statute and the passing of the order in council under it. This litigation which is still pending is of such a character that I do not think that this country should lightly disturb the status quo with respect to capitalization until it is disposed of. That was in the mind of the former president of the Canadian National, I know, because he was not aware of the position which was taken by these shareholders until after he went to England and a number of them waited upon him, as they did also upon the former prime minister. One set of them demanded a fiat on a petition of right. They did not endeavour to secure the fiat for a long time, and then successive governments have not taken any

[Mr. Bennett.]

action in that regard, so they launched a simple action in the courts, which has been disposed of by the court of appeal in Ontario and is now in the position I have indicated. I think most members of the committee will realize how unwise it would be to touch this matter until such time at least as this litigation has been disposed of.

As far as concerns the writing down of the capitalization of any company, it is well known that the methods to be pursued and the reasons for the action to be taken have been settled by long lines of decisions. It is well for this young country that an investment which it has made in railroads and which has become valueless should be constantly before it as a deterrent from practising the same thing in the future.

Mr. EULER: It was valueless before they took it over.

Mr. BENNETT: It could not have been done without the action of this parliament, representing the people of the country, and it is well that the people should have before them a constant reminder of the mistakes they have made in the past, in order that they may be avoided in the future. It is like punishment in criminal cases, which is for two purposes; one the mere punishment, the other for deterrent purposes. I think the deterrent effect of being constantly reminded of something is very useful. It cannot affect rates, as the hon. member for West Edmonton realizes; it cannot affect anything at all in connection with the company, except to remind us that we made tremendous mistakes and that it will be a very long time before we can eliminate the results of those mistakes. It does not, as my hon. friend the Minister of Finance says, help us any in regard to having to continue to pay in hard cash the deficits that accumulate from year to year. If cutting down this capital structure would lessen the deficit that had to be paid one could understand something about it, but when it does not touch that obligation in any shape or form, direct or indirect, the idea of entirely eliminating it would mean that we would hide from ourselves the position that we ourselves created, and assume that we were in a position which we were not in, for we still have to pay the deficits which arise out of the operation of the property.

My only reason for rising at all was merely to indicate what I trust the committee realizes, how unwise and unsound it would be to endeavour to take any action with respect to the matter when litigation so serious in its possible consequences is still pending.